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INDUSTRIAL PLANT FINANCING:
A Guide for Georgia Communities

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Foreword

One of the most perplexing problems facing the majority of Georgia communities today is how to obtain financial support for the construction of new industrial plants and, in some cases, the expansion of existing facilities. For that reason, the Industrial Development Division of Georgia Tech has undertaken to compile in this Industrial Plant Financing study information on all current and feasible methods of accomplishing this objective.

Many Georgia communities have moved into the forefront of the struggle for new industrial jobs. Thus, they have a pressing need for expertise in this field of development activity. As this study indicates, the routes for amassing such financial support and assistance are many and varied.

Several previous studies of the Division have been drawn upon; an earlier related study, Sources of Capital for Georgia Business and Industry, touches upon several of the subject areas. Other source materials which are excellent references are listed in this volume.

Special thanks should be expressed to the Georgia Department of Industry and Trade, which contributed partial financial support to this investigation. Also gratefully acknowledged are the advice and assistance of Adolph T. Schmidt, executive director of the Rhode Island Development Council, for his review of certain portions of the manuscript and helpful comments.

If any Georgia communities profit from the suggestions and guidance in this report, then this investigation and analysis have been worth the effort. Comments and suggestions from readers are invited.

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ADVANTAGES IN LEASING INDUSTRIAL FACILITIES

A distinctive contemporary trend in industrial plant financing can be found in the emphasis that many modern corporations have given to divesting themselves of real estate ownership wherever possible. Many companies assert they do not wish to be in the business of conducting their industrial operations and also to be in the business of real estate investment and management.

The increased reliance on leasing of new plant quarters in contrast to outright ownership has created situations where a third party instead of the industry itself must finance construction of the new facility. In such situations, considerable pressure is placed upon smaller communities; in larger cities or metropolitan areas it is relatively easy, generally speaking, to obtain plant financing through either investor/builders or established financial institutions.

One of the outstanding advantages of long-term leases of industrial real estate is in the conservation of cash for the tenant. Decided advantages in leasing, both to lessor and lessee, are obvious because of the high incidence of this type of plant occupancy. In effect, leasing becomes 100% financing, releasing funds that otherwise would be invested in real estate. Especially is it attractive for companies that cannot assume a heavy fixed debt burden because of capital requirements in the operating processes.

Thus, leasing enables many companies to direct their funds into working capital, inventory, and other immediate uses, offering much greater financial returns and flexibility than if they were immobilized in actual real property ownership. So, many companies can have greater latitude in use of capital funds. Since the lease does not ordinarily appear on the company's financial balance sheet as a liability, as would a debt actually incurred to construct a facility, this feature may also offer incentives to some firms which have a need for continual borrowing of funds.

Restrictions on the occupant under a lease are often less stringent than under a mortgage of debt indenture. In this fashion, the industrial lessee may also gain more freedom of action in the conduct of its business.

The property owner may receive the accelerated depreciation, while future lease arrangements, after the initial 20 years, can be negotiated at much reduced rates. Also, in deducting all lease payments and interest as a normal business expense, the tenant obtains some additional advantage, particularly if he is in a high income tax bracket. Moreover, deductibility of rent paid by the lessee may on occasion present the opportunity to depreciate the land cost as well.

Regardless of the individual circumstances, the financial lending source expects to recover through installment payments the entire principal, plus interest on the loan. Quite frequently these are long-term loans of 15 to 20 years' duration and longer, usually beyond the lending practice of most commercial banks.

Most plant location decisions are made through rational analyses of the favorable combination of least-cost factors and opportunities to maximize profits. In such procedures, obvious advantages can be registered by a state or a community which can employ established programs for financing new plant construction. However, these financial attractions or inducements are most often considered by location specialists in conjunction with other costs of doing business when they arrive at decisions on the most attractive least-cost location.

One consideration to which some companies give substantial weight is the extent of community involvement in providing new plant space. In some instances, the industrial prospect firmly believes this is a sound measure of how deeply the community wants the new industry and how far it will go to demonstrate local acceptance of the newcomer.

The kinds of financing programs offered in the various states are examined in this study, with particular emphasis on those presently operating in Georgia. State development corporations and lending authorities and local industrial development corporations are reviewed, together with bond programs. Examination is also made of conventional private sources for financing and federal programs that can be utilized.

STATEWIDE FINANCING AGENCIES

At least 40 states in the union have some type of statewide organization whose primary function is to provide direct financial support either to business or to local development groups. Of this total, 15 such agencies have legal authorization but have not actually been activated. (See Appendices 1-3.) These agencies fall into two distinct categories:

(1) a statewide Business Development Corporation, chartered by legislation, with funds subscribed by the business interests of the state.

(2) a statewide Industrial Finance Authority, also created by legislation, but funded directly with state money.

Business Development Corporations

The Business Development Corporation, which is created through state legislation, obtains its financial resources through sale of stock and subscriptions of member organizations, although in some instances it seeks to combine funds from private and public sources. Financial support is sought mainly from banks, insurance companies, building and loan associations, utilities, and related private organizations. Since it is a private capital stock corporation, the management is vested in a board of directors representing the stockholders. The corporation may borrow money from any possible source, but its members probably constitute the prime source for loans. At least 38 states have such corporations active or authorized. (See Appendix 1.)

Long-term (10 years or more) loans are made for the construction of new industrial facilities, expansion of existing plant buildings, and in some instances, acquisition of machinery and equipment. Generally, these loans are made directly to the industry and customarily secured by real estate or chattel mortgages. In some states, local participation is required or encouraged through financial institutions or development corporations.

At the heart of the Business Development Corporation concept is the intent to lend money for the purpose of stimulating industrial development rather than to make a profit, although none of these corporations are designed to lose money. The special charter for such organizations exempts the participating institutions from usual lending standards so they, in effect, may pool the risk on loans having industrial growth potential.

Leaders in the use of Business Development Corporations have been New England states (particularly Maine and Rhode Island), Maryland, New York, and North Carolina. Since the Maine Corporation was initiated in 1949, credit pledged has reached an average of $5 million per development corporation, New York's $18 million being the top amount cited. Some 75% of the loans were made to firms already established in the respective states. All of these corporations have made profits; the rate of losses sustained averages about 0.45%.

The experience of these corporations indicates that on the average they sell about $400,000 worth of stock (North Carolina with $1 million has probably the largest stock sale) and the number of stockholders averages about 300. The corporations have borrowed primarily from commercial lending institutions which are members of the statewide corporation, usually at rates equal to prime rates for short-term business loans.

One of these, the Business Development Company of Rhode Island, has invested over $9.8 million in concerns in Rhode Island since commencing operations in 1953. At the same time, other financial institutions lent $24.8 million to the same concerns, in large part on the basis of the Company's subordinated loans. Approximately 10,200 persons are employed by business concerns which have such loans.

Industrial Finance Authorities

State Industrial Finance Authorities are fully funded by the respective states, constituting direct lending agencies of the state government. Their governing boards usually have a number of state officials, as well as representation from banks and other qualified citizens. At least 16 states, including several of those with Business Development Corporations, have some form of Industrial Finance Authority. (See Appendix 2.)

Some Industrial Finance Authorities concentrate on a mortgage guarantee technique. Under this arrangement, the state corporation guarantees the first mortgage on a project up to a maximum of 90% of the total cost. The remaining 10% is usually financed by a local development corporation which is ostensibly the owner-lessor of the property. Usually, the tenant makes his own arrangements to purchase the building at the conclusion of the loan period. This loan insurance has often been compared with the Federal Housing Administration loan program for residential construction.

Most active states in the mortgage guarantee approach have been the New England states. Rhode Island and Maine, which are the most prominent in this respect, have tended to limit their mortgage support to small and medium-size manufacturing companies with an average loan of about $500,000. Interest rates have averaged between 6% and 6.75%, including a 1% charge for insurance. By making the loan more marketable, this program makes the loan more attractive to a private lender.

Other Industrial Finance Authorities have been authorized to advance funds directly to the tenant industry up to about 40% of the project cost at extremely low interest rates. The Authority usually takes a second mortgage position, as conventional lending sources are expected to supply up to 50% of the loan at going money-market rates. The remaining 10% is usually developed through local development corporations which take a third mortgage. Both the Authority and local development corporations have accepted interest rates as low as 2%.

Prominent in the direct loan process has been the highly industrialized state of Pennsylvania, where the phenomenal activity of the Pennsylvania Industrial Development Authority is evidenced by its record since establishment in 1956: participating in 692 projects, lending $142.9 million out of a total $380 million project cost. In 1967 alone, PIDA lent $25 million for 81 projects involving an estimated cost of $66.8 million. To date, the Pennsylvania legislature has appropriated $137.5 million to the Authority.

Other states which have actively engaged in State Authority financing include New York, Oklahoma, and Kentucky. (See Appendix 2.) Some variations of the above procedure involve loans from the Authority to nonprofit local development corporations, rather than directly to the occupying industry.

Georgia Situation

At the present writing, Georgia has no statewide credit authority which can provide loans to local development corporations or make direct loans to firms and guarantee mortgages as described above. A sound legal basis for such a vehicle does exist, however, since Article VII, Section II, Paragraph VI of the Georgia Constitution (cited in the Georgia Code, 2-5507) authorizes the General Assembly to create an Industrial Development Commission to make loans, secured by second mortgages, to such industrial development agencies as the Commission may select, those agencies to raise sufficient capital and secure commitments for additional financing. This constitutional provision further authorizes the legislature to provide the necessary funds to implement lending operations.

Some efforts have been made in recent years to obtain legislation which would charter a statewide Business Development Corporation. So far, however, no positive accomplishments have been achieved in this regard.

LOCAL INDUSTRIAL DEVELOPMENT CORPORATIONS

The local industrial development corporation has been defined as being "a corporation of private citizens operating with privately subscribed funds which is created for the purpose of improving the community's economy through offering material assistance and/or service to existing or prospective industrial firms."[1/]

Community development corporations raise their original capital from individuals and business concerns in the community by issuance of stock, bonds, or notes or through solicited donations. In many cases, they fulfill the need for providing financial assistance to firms which have been unable for some reason to obtain adequate backing by conventional methods.

Development corporations may finance industrial developments through loans or loan guarantees, purchase of existing buildings for lease, or construction and leasing of industrial buildings. In addition, they sometimes purchase and develop industrial sites. Many state and federal programs also provide public funds for industrial financing, and quite a few depend on local support and supervision. In such cases, the development corporation is often required to play an important role in the financing. The unique feature of such development corporations is willingness to provide financing wherever the community adjudges it to be most needed.

The following five characteristics can be identified as common to all local industrial development corporations:[2/]

1. Financing (and sometimes other types of assistance) is provided primarily to manufacturers.
2. They are formed for the public purpose of improving employment opportunities in the community.
3. Assistance may be offered to expanding local firms and new industrial firms in the community.
4. Public subscription of funds (in the form of either an investment or a donation) is the main source of support.
5. They are incorporated.

1/ Jacob J. Kaufman and Helmut J. Golatz, The Industrial Development Corporation: Its Objectives, Functions and Problems, Bureau of Business Research, The Pennsylvania State University, University Park, Pennsylvania, 1960, p. 6.

2/ D. Jeanne Patterson, The Local Industrial Development Corporation, Bureau of Business Research, Indiana University, Bloomington, Indiana, 1967, p. 10.

Financing

The development corporation provides financing in several ways. Generally, the corporation furnishes funds to finance the construction of new industrial plants, most of which are leased (often with an option to purchase) to manufacturers who express a preference for this type of financing.

Another method of providing financial assistance is to make nonbankable loans to manufacturers. Although the interest rates on these loans are similar to conventional loan rates, the corporation may take lower-grade collateral or no collateral at all.

Several viewpoints exist concerning the scope of community participation needed for a successful development corporation. Some corporations attempt to gain support from every sector of the community: public officials, unions, farmers, businessmen. Other groups are closely affiliated with the local chamber of commerce and represent that membership alone. A small nucleus of influential and wealthy local citizens dominates some other corporations.

The makeup of the development corporation generally determines the most efficient method of raising capital. If the corporation has a limited membership, the capital may be raised from the members at the time of incorporation. If the membership of the corporation includes a larger segment of the community, the funds may be solicited after incorporation.

The funds are raised from the community through stocks, bonds, notes, or membership certificates. Quite often pledges are sought from substantial local citizens and businesses, some using installment or deferred payment plans over several years to collect the money. Others rely upon variations of the $100 club: a stated amount is contributed annually, requiring several years to accumulate adequate funds. Other local corporations use stock sales, supplementing their funds with loans from banks, savings and loan associations and similar sources. The method of raising funds and type of corporation depend upon local preference. No method has been found to command unanimous support.

Implementation

The local industrial development corporation is organized for a public purpose and usually has the principal objective of obtaining jobs for all local citizens in the labor force, including a balance of jobs for men, women, and young people. Thus, the public purpose of the development corporation means maximizing community benefits as the basic aim of any activities.

Development corporations can increase industrial jobs only if industry desires to locate in the community. Lack of industrial potential cannot be compensated for by the financial assistance which the development corporation can render.

In many instances, an inclination exists on the part of the community to concentrate all of its development effort on attracting new firms rather than helping those firms already in operation to expand. This approach limits the total development effort of the community and leads to the complaint that existing industries have to pay their own way but are asked to contribute to a corporation that seeks substantially to aid others.

Corporate Structure

Incorporation has several advantages for the local development group. It provides a centralized authority for negotiation. It is a convenient instrument for dealing with financial and legal transactions. Finally, it is, of course, protection against personal liability to the membership.

A corporation may be either the profit type or the nonprofit type. The type of incorporation does not appear to be of any consequence as far as the ability of the development corporation to carry out its programs and aims is concerned. In some cases, special state or federal advantages seem to favor the nonprofit status, both for matching loans and from income tax liability. On the other hand, more local enthusiasm may be generated by the operation of a profit corporation in a businesslike manner without special privileges being received.

Development Corporations in Georgia

Compiling a history of the activity of the local industrial development corporations in Georgia is most difficult. Some corporations were organized for a single project and are now inactive. Other corporations have been authorized by state constitutional amendment to issue industrial revenue bonds and are now classified as "development authorities."

Data contained in the following table were compiled from 119 replies received to 234 questionnaires mailed to local chambers of commerce and various community contacts. (A detailed listing is found in Appendix 4.) Dollar totals included in the table are considered as minimum figures, partly because some corporations became bond authorities, and also because the amount of financing was not given for some of the projects. Nevertheless, this table is the most complete guide yet compiled as to projects financed through development corporations over the past two decades.

Table 1

LOCAL DEVELOPMENT CORPORATION ACTIVITY IN GEORGIA

Community Population Size	Number of Chartered Corporations	Number of Projects Financed	Dollar Amount of Projects
0 - 4,999	51	104	$12,631,900
5,000 - 9,999	18	26	5,506,600
10,000 - 14,999	5	12	1,581,000
15,000 and over	9	11	2,358,000
Total	83	153	$22,077,500

From the data above, it appears that over 80% of the development corporations in Georgia are located in communities of less than 10,000. These communities also accounted for over 75% of the total funds financed for projects and over 80% of the total projects. This conforms closely to a national survey of local industrial development corporations conducted in 1958 which reported that over 70% of the corporations were found in communities of less than 10,000 population.

The majority of counties having active development corporations are in the southern part of the state (see Map 1), but a number have been active in the northern sector. However, the local development corporation does seem more prevalent in those areas which have relatively low industrial employment.

MAP 1
INDUSTRIAL DEVELOPMENT CORPORATIONS IN GEORGIA, 1968

Industrial Development Division
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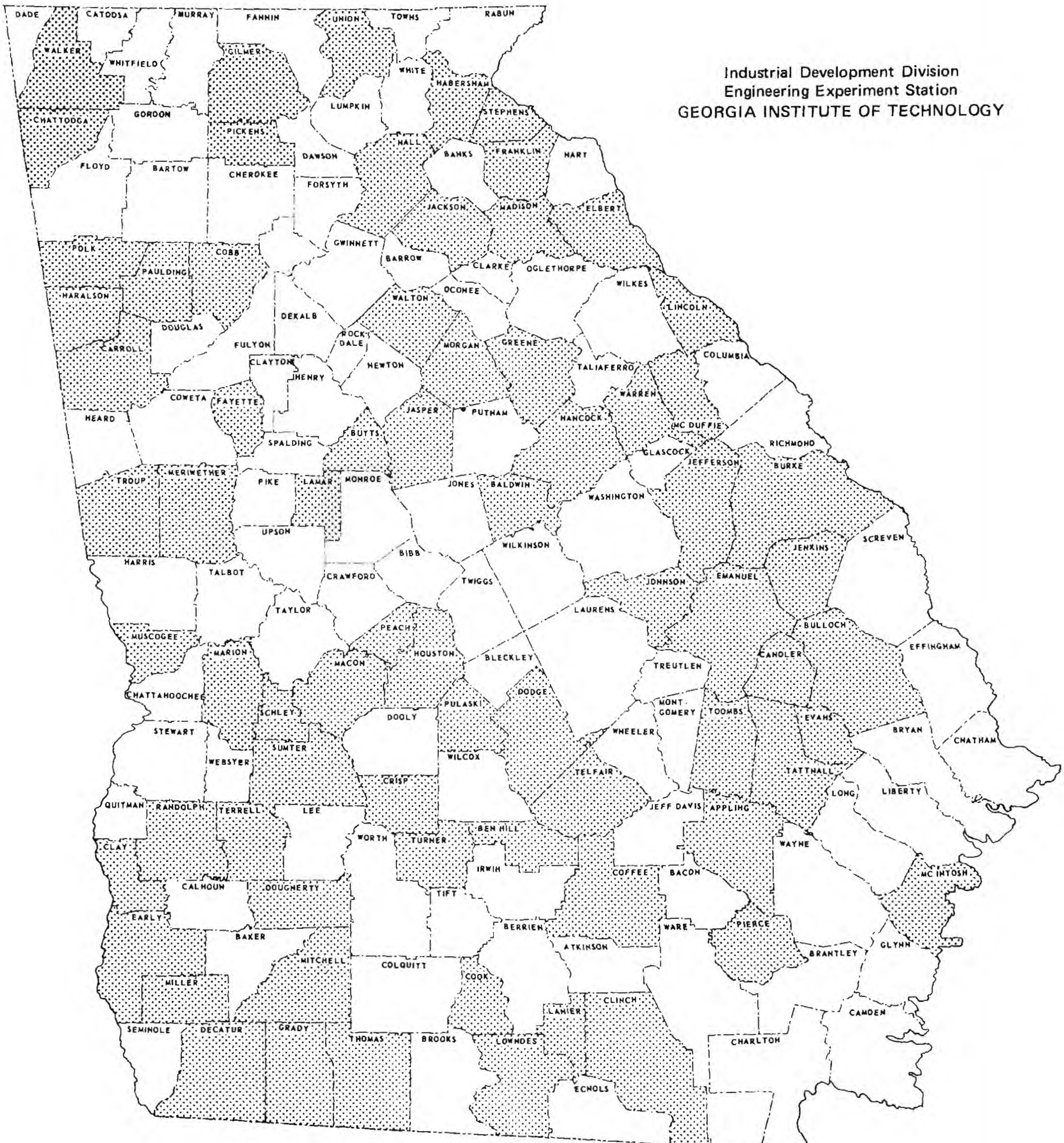

Counties with an Industrial Development Corporation
(1968 Survey Respondents Only)

INDUSTRIAL DEVELOPMENT BONDS

Industrial development bonds are issued by governmental bodies -- city, county, or state -- to finance construction or purchase of land, plant, and equipment for lease to private industry, usually for a particular company and to that company's specifications. These bonds are of two types: (1) "general obligation," secured by the full faith and credit of the issuing government, and (2) "revenue," secured only by the facility and the lease payments made by the tenant industry. The vast majority of the industrial development bonds floated in the United States have been of the revenue type. Bonds usually are marketed through investment brokers, but sometimes are sold locally.

Since general obligation bonds are a direct liability of the issuing unit of government, pledging to repay from public funds any outstanding obligations in the event of default by a lessee company, they have been used, generally, to aid industries that are too small, too new, or too risky to be financed by revenue bonds. The danger in using this type of bond is that the naive or unwary community can become involved in financing a plant for a firm that is unsound or unscrupulous.

Far less danger exists in the case of industrial revenue bonds, since their sale depends upon the reputation and credit rating of the company. As a result, this type of financing is used most frequently by fairly large firms. However, even though the local government is not legally liable should the tenant cease to make lease payments, it may find it harder to market subsequent obligations if its industrial revenue bonds have been in default.

The attractiveness of industrial development bonds as a means of industrial financing stems from the fact that, because they are issued by governmental authorities, they are tax-exempt. They thus can carry a lower rate of interest than corporate bonds, making it cheaper to finance plant facilities. In addition, the tax-exempt feature is very attractive to investors, particularly those in the higher income-tax brackets. Since the land, buildings, and equipment are owned by the governmental body, they usually are exempt from local property taxes, although many governments have specifically prohibited such exemption, and others have arranged for industries to make payments in lieu of taxes.

History

The first program to use municipal bonds for industrial building purposes was initiated by Mississippi in 1936 under the state's "Balance Agriculture with Industry" (BAWI) program. These were general obligation bonds pledging the full faith and credit of the issuing body. In 1948, Kentucky authorized its cities to issue industrial revenue bonds, and the following year Alabama authorized public corporations created by municipalities to issue industrial revenue bonds. Eleven other states followed suit in the 1950's. The pace accelerated rapidly in the 1960's as the popularity of this method of financing spread, until today 38 states permit financing of industrial plants by revenue bonds. (See Appendix 5.)

Until five or six years ago, municipal industrial bond financing was primarily a tool used to help rural, low-income areas in the South[1/] attract much-needed industry. Most issues were for small companies to which conventional financing sources were not readily available and the vast majority of the issues were relatively small -- under $1 million in size. By 1962, however, over one-fourth of the issues were in the $1 million and over class, as estimated by the Investment Bankers Association (IBA); in 1967, 58% of the issues were in this group, and six issues were reported ranging from $75 million to $130 million in size. Although the South is the major issuer of industrial bonds (135 of the 182 issues reported to the IBA in 1967 were by states in the 16-state South Census Region), a number of northern and western states (such as Nebraska, Ohio, Michigan, and Missouri) have gradually become active.

The recent surge in industrial bond activity, both in number of states participating and in size of individual projects, is also reflected in annual totals for the United States compiled by the IBA.[2/] From an aggregate of $5.7 million issued in the years prior to 1951 and nearly $7 million reported in 1951, the annual total rose to $25 million in 1958. The totals for the decade from 1958 to 1967 are shown in Table 2.

The dollar volume of bonds more than quintupled and the number of issues increased by 70% between 1958 and 1963; even more startling, the 1967 dollar

1/ Historically, by far the largest users of this method of financing have been Mississippi, Tennessee, Arkansas, Kentucky, and Alabama.

2/ IBA data do not include issues sold locally and neither reported by members nor nationally advertised; therefore, the totals are understated.

total was 10 times the 1963 volume and the number of issues rose by 164%. Obviously, the use of industrial bonds has gone far beyond the original conception of aiding disadvantaged areas and firms which did not have conventional sources of financing readily at hand.

Table 2

INDUSTRIAL BOND FINANCING IN THE U. S., 1958-1967

Year	Amount of Bonds	No. of Issues
1958	$ 25,051,000	41
1959	28,006,000	37
1960	41,171,000	55
1961	71,771,000	46
1962	84,417,000	66
1963	133,485,000	69
1964	192,337,000	90
1965	211,931,000	91
1966	500,153,000	124
1967	1,390,533,000	182

Financial organizations such as the Investment Bankers Association of America and the Mortgage Bankers Association have long opposed industrial revenue bonds on principle. The U. S. Treasury, disturbed over the mushrooming loss of federal tax revenue, in March 1968 proposed a regulation to end the exemption from federal income taxes of interest on industrial revenue bonds.

When Congress threatened to overrule the regulation, a compromise was reached which provides for termination of the tax-exemption privilege for interest on industrial revenue bond issues exceeding $1 million. The new law classifies as industrial revenue bonds those in which all or a major part of the proceeds are to be used, directly or indirectly, in a trade or business by a person or firm that is not tax-exempt and which are secured, in whole or major part, by an interest in property used in a trade or business, or by payments from commercial sources. Municipal bonds, no matter how large, will continue to be exempt if they are used to finance nonprofit facilities, such as hospitals. Subsequent Congressional legislation, aimed at liberalizing these restrictions, provides a tax-exempt ceiling of $5 million over a period of six years, three prior to issuance of the bonds and three subsequent. This means that during the six-year period, the aggregate bonds outstanding plus any other capital expenditures for the same project cannot exceed $5 million.

Further regulation of revenue bonds is being undertaken by the Securities and Exchange Commission, which adopted a rule, effective January 1, 1969, requiring private concerns making use of the industrial revenue bond method to register with the SEC. While the revenue bonds themselves will remain exempt from registration, the companies will have to register as "securities" their obligations to pay off the bonds.

Pros and Cons

The basic conflict between supporters and opponents of industrial aid bonds seems to be a matter of emphasis. Proponents say that it is a legitimate public purpose to use tax-exempt bonds to improve the economic condition of an area by creating more and better jobs for its people. On the other hand, opponents stress that the bonds are a form of governmental subsidy and that they give some industries an unfair financial advantage over others.

With lower interest rates that tax-exempt bonds command, plants can be financed more cheaply than by conventional methods. The tenant company has further advantages in not having to use its capital for physical improvements and in charging off lease payments as operating costs. Unless the firm's leasehold interest is taxed or there is some agreement to make payments in lieu of taxes, the facility also is exempt from local and state property taxes. In the past, in those cases where the company bought all or part of the bonds issued on its behalf, it gained tax-free income; however, this too is now prohibited by the Internal Revenue Service.

The new legislation may partially allay fears that unrestrained competition between communities and states will lead to such near-universal use of bond inducements to industry that the practice becomes self-defeating and the public investment largely wasted.[1/] It may eliminate two frequently cited

1/ The 78 bond issues of $1 million or less which were reported to the Investment Bankers Association in 1967 represented 43% of the total number of issues reported; however, they constituted only 2.6% of the total dollar volume in that year -- $36 million as opposed to nearly $1.4 billion for all industrial revenue bond issues.

abuses: (1) the use of industrial development bonds to finance facilities for firms capable of obtaining the required capital from conventional sources and (2) the tendency of communities to finance large industrial projects which result in the importation of workers and put a consequent strain on the communities' public facilities and resources, particularly if the new industry is exempt from local property taxes needed to help finance improvements.

Use of Bonds in Georgia

The use of general obligation bonds for industrial development is not permitted in Georgia, but industrial revenue bonds have been used widely; since 1958, 82 issues totaling $222.5 million have been floated in 40 counties scattered over the state. (See Table 3.) Over one-half of the revenue bond issues, 84% of the total dollar volume, have been issued since 1965; in 1967, there were 18 bond issues, aggregating nearly $128 million.

Table 3

INDUSTRIAL REVENUE BOND FINANCING IN GEORGIA, 1958-1968

Year	No. of Issues	Total Value of Bonds
1958	1	N. A. 1/
1959	1	N. A. 1/
1960	2	$ 370,000
1961	2	1,340,000
1962	-	-
1963	8	10,565,000
1964	12	6,910,000
1965	12	3,580,000
1966	20	36,722,000 1/
1967	18	127,670,000
1968	6	19,925,000
Total	82	$222,482,000 2/

1/ Individual data for Brunswick Ports Authority issues not disclosed.

2/ Includes $15,400,000 in bonds issued by Brunswick Ports Authority.

Source: Georgia Department of Industry and Trade.

The 82 bond projects reported in Georgia financed 50 new plants and expansions of 32 existing facilities. They created an estimated 15,500 jobs, about two-thirds of them outside the six metropolitan areas of the state.

In size of bond issues, Georgia's experience has been an exaggeration of the national pattern, with more than one-third of the issues amounting to $1 million and over. These constitute $199.4 million of the $222.5 million issued since 1958. Although nearly one-half of the issues were for less than $500,000 each, they totaled only $9 million. (See Table 4.)

Table 4

ANALYSIS OF REVENUE BONDS ISSUED IN GEORGIA

Size of Issue	No. of Issues	% of Total	Total Value of Bonds
Under $500,000	39	47	$ 9,030,000
$500,000 to $999,999	10	12	6,660,000
$1,000,000 and over	30	37	199,390,000
Not classified	3	4	7,400,000
Total	82	100	$222,482,000

Source: Georgia Department of Industry and Trade.

Most of the large issues were floated in the past three years. The largest single issue was $53 million in 1967 to finance a plant at Albany for Firestone Tire and Rubber Company. Next largest was the $27 million issue for Hercules, Inc., at Covington, also in 1967, while early in 1968, a $15 million issue was floated at Athens for Reliance Electric Company. Georgia's record also includes eight other issues of over $5 million each. A complete tabulation of industrial revenue bonds issued in Georgia through 1968 is given as Appendix 6.

The Industrial Development Authority

The vehicle used almost exclusively in Georgia for financing industrial expansion through revenue bonds is the city and/or county industrial development authority. To date, 134 such authorities in 121 of Georgia's 159 counties have been created by local amendments to the Georgia Constitution.[1/] (See Map 2.) They are operated by boards of directors usually composed of public officials and community leaders.

These authorities may engage in limited promotional activities to seek industrial prospects; they may also acquire industrial land, develop it, and finance construction and purchase of plant facilities and equipment, generally through the use of revenue bonds. They then lease or sell the facilities to industrial firms.

Until November 1968 there was no general provision in the Georgia Constitution authorizing the issuance of industrial revenue bonds, so it was necessary for each locality to obtain such authorization through a specific constitutional amendment. The first such body, the Waycross and Ware County Development Authority, was created in 1954. Vidalia, in Toombs County, followed suit in 1956, and five more authorities were added both in 1958 and in 1960. As the advantages of this type of approach became more widely known, the tempo of amendments increased; 47 of the authorities now in existence were created in 1962, 20 in 1964, 22 in 1966, and 33 in 1968.[1/] A list of industrial development authorities in Georgia is presented in Appendix 7.

In 1960 and 1962, local amendments were ratified which granted directly to 20 city and county governments the power to issue industrial revenue bonds. Under this authority, plants were financed by Meriwether County (a new plant and its later expansion) and Muscogee County (a new plant and two expansions of an existing mill) before all but one of these amendments were invalidated by a Georgia Supreme Court ruling in 1966 (Smith vs. State of Georgia, 222 Ga. 552) that Telfair County could not issue such bonds because its local amendment did not specify that industrial development was a public purpose. The only governmental body not affected by the Telfair ruling appears to be the City of Louisville.

Also authorized by special constitutional amendments to issue industrial revenue bonds are four local port authorities -- the Augusta Ports Authority, the Brunswick Ports Authority, the Columbus-Muscogee County Port Development Commission, and the Savannah Port Authority. The State Ports Authority also

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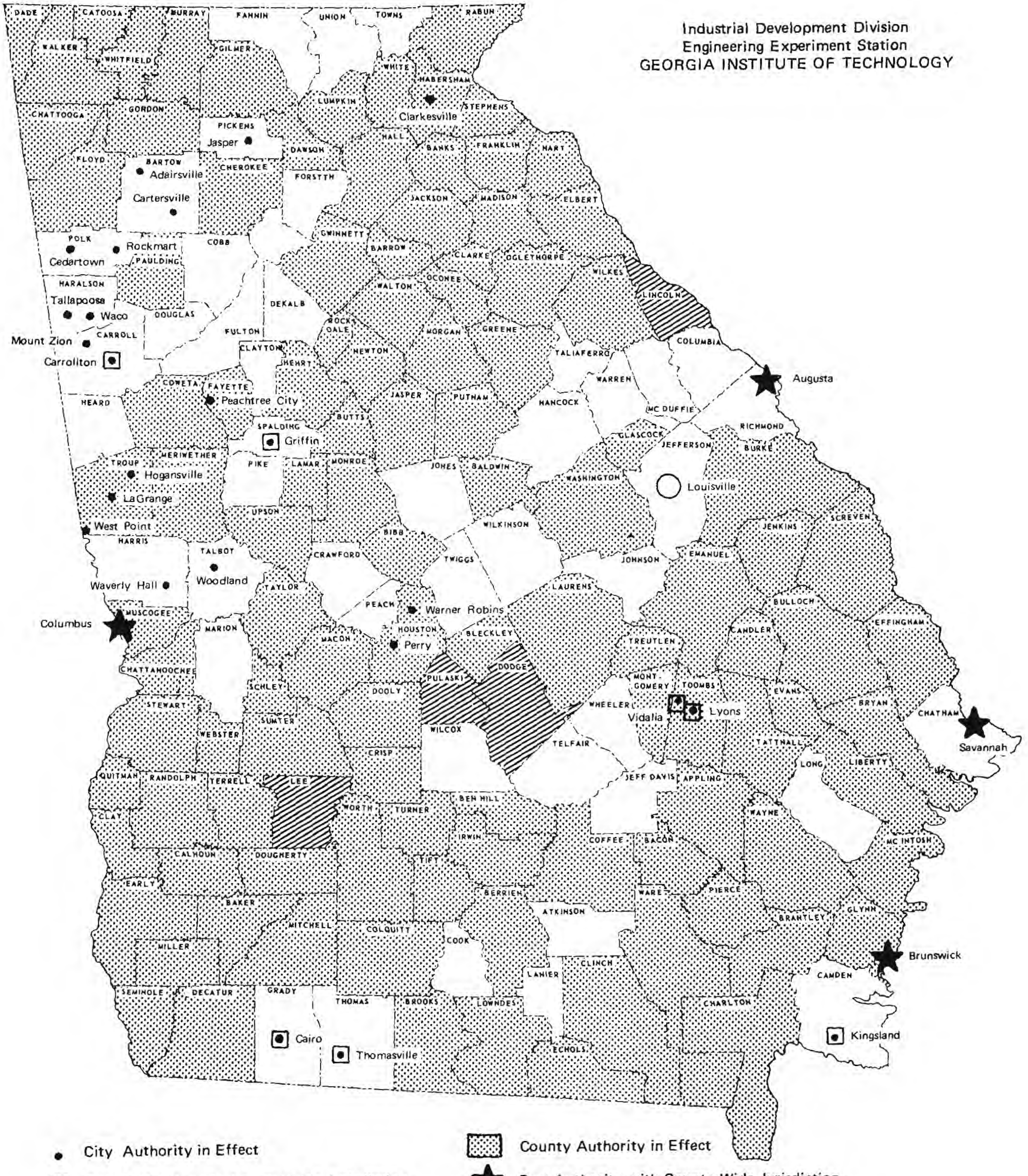
1/ The status of four additional county-wide authorities is uncertain pending legal clarification of 1968 referendum results.

MAP 2
INDUSTRIAL REVENUE BOND AUTHORITIES IN GEORGIA, 1968



City Authority in Effect

City Authority with County-Wide Jurisdiction

City Government Authorized

County Authority in Effect

Port Authority with County-Wide Jurisdiction

Status Uncertain Pending Legal Clarification of 1968 Referendum Results may finance industrial facilities at or near the sites of its state docks through the issuance of revenue bonds. In addition, many airport authorities over the state are empowered to finance industrial construction through the sale of bonds, as was done by the Savannah Airport Commission, which built an aircraft assembly plant under a $7.5 million issue for Grumman Aircraft Engineering Corporation.

Statewide Authorization Attempts

Several attempts were made over an 11-year period to eliminate the confusing, cumbersome, and inefficient procedure of granting revenue bond authorization piecemeal by individual local amendment. Not until November 1968, however, was an amendment approved to permit the General Assembly to authorize creation of industrial revenue bond authorities by any county or city.

In 1957, the Revenue Bond Law was amended to add industrial development to the list of purposes for which counties and cities could issue revenue anticipation obligations.[1/] Since the 1957 Revenue Bond amendment was passed subsequent to the adoption of the Georgia Constitution, which states that local governments' authority to issue revenue bonds "shall apply only to revenue anticipation obligations issued to provide funds for the purchase, construction, extension, repair or improvement of such facilities and undertakings as are specifically authorized and enumerated by said Act of 1937, as amended by said Act of 1939,"[2/] its constitutionality is clouded. The same legal question applies to the bond authorization passed by the General Assembly in 1961 for Savannah and Chatham County.

In 1963, the General Assembly enacted the Industrial Development Authorities Law, a general law authorizing any county or municipal corporation (city) in the state to create, by resolution of its governing body, a local industrial development authority with all the usual powers, including the issuance of revenue anticipation bonds. Although the law has not been tested, there is a

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1/ Industrial development authorities were created in Richmond and Columbia counties by special acts of the legislature, but they have never been activated.

2/ Constitution of the State of Georgia, 1945, Art. 7, Sec. 7, Par. 5. See also Tippins vs. Cobb County Parking Authority, 213 Ga. 685.

question whether it is in conflict with the provision of the Georgia Constitution quoted above. Nevertheless, at least two authorities have been created under this law -- in Telfair County and in Adel (Cook County).[1/]

1/ Robert F. Munzenrider, "Local Financing of Industrial Development in Georgia," Georgia Business, University of Georgia, November 1967, p. 7.

CONVENTIONAL FINANCING SOURCES

Insurance Companies

Life insurance companies have been a major source of long-term mortgages and are probably the most important single source of first-mortgage money. In the aggregate, they hold a larger volume of industrial property mortgages than any other group. Thus, they have been a prime source of mortgages which local development corporations supplement with second-mortgage funds.

These companies prefer loans that are larger than $100,000 since the cost of servicing such loans does not vary proportionately with the amount lent. They usually lend between 66 2/3% and 75% of the appraised value, and prefer high-credit loans with long-term leases.

In many states, life insurance companies are prohibited from making loans on unimproved property. Since they operate nationally, they often buy loans from mortgage bankers. Furthermore, they have been an important source for placement of industrial revenue bond issues.

Commercial Banks

Another conventional source of capital is the commercial bank, in most communities regarded as the primary source for obtaining financial support in many business ventures. Many commercial banks are limited by legal requirements for maintaining liquidity, in particular as to the proportion of capital and surplus that can be committed to one borrower or one project. On those industrial projects which require large investments, local banks may be automatically excluded.

Commercial banks may be willing to extend loans up to two-thirds the value of the real estate, depending upon credit of the firm, but even this requires that local development groups supply the remainder. Also because of the emphasis which such banks place upon short- and medium-term loans, their policies may not be adaptable to the needs of many business enterprises.

On the other hand, major metropolitan banks in recent years have created specialized departments, such as those concentrating in real estate, trusts, and term loans. Such departments, in conjunction with mortgage bankers who specialize in handling large long-term loans, have begun to evidence some interest in financing of larger industrial projects.

Builder/Investor

Most builder/investors are located in metropolitan areas where a substantial volume of business exists. These firms usually contract to construct the facility and act as both owner and lessor. They are aggressive organizations, accustomed to constructing economically and customarily operating on borrowed money.

In many cases, their cash results from depreciation reserves rather than profit. The major profit to such concerns accrues only after amortization of the building, presenting an opportunity for capital gains.

Although concentrated in the metropolitan centers, some of the builder/investors have expanded operations into smaller communities. In a few cases, they have engaged in the construction of a speculative "shell" building, with foundation, walls, and roof, but without interior flooring, plumbing, and other appurtenances until a tenant materializes. Some builder/investors specialize in "lock and key" facilities, the entire facility being constructed to the specifications of the tenant and all financial arrangements also handled, so that a tailor-made installation is turned over to the tenant.

Other Sources

Mortgage bankers and mortgage companies have funds available, either of their own or from commercial banking sources, which they can employ to make mortgage loans. Generally, they sell these loans to insurance companies and other major institutions; in some sections of the country, they play a very important role in financing industrial facilities.

A rapidly growing source of loans for industrial plant financing has been pension funds. Because of their tremendous growth, these funds have been more receptive to making loans for industrial property. Being exempt from federal income taxes, they can offer slightly lower interest rates and are not hampered by lending restrictions which apply to life insurance companies and commercial banks. To some extent, pension funds are inclined to favor large loans which can be administered for them by a third party.

FEDERAL LOAN PROGRAMS

Small Business Administration

Loans to Businesses. The Small Business Administration (SBA) was established to make intermediate-term and long-term loans to small business firms that are unable to secure financing through conventional outlets.

According to SBA's definition, a small business is one that is independently owned and operated, is not dominant in its field, does not have assets exceeding $5 million nor net worth in excess of $2.5 million, and does not have average net income, after federal income taxes, for the preceding two years in excess of $250,000. The employment of such a firm should have averaged no more than 250 in the preceding year, except for certain industry categories, in which the average employment may be 1,000 or less.

Loans may be made for business construction, conversion, or expansion; purchase of equipment facilities, machinery, supplies, or materials; and working capital. The SBA may make such loans directly or in participation with a bank.

The maximum amount that the SBA will lend to one business is $350,000. This maximum applies to the SBA's share of a participation loan and to a direct SBA loan. On a percentage basis, the maximum SBA participation in a loan is normally 75%; however, under extraordinary circumstances, it can be increased to 90%.

Four basic business loan plans have evolved to constitute the current SBA lending program under Section 7a of the Small Business Investment Act:

1. Direct or Immediate Participation Loan. This loan, made directly to the small business, carries an interest rate of 5½% and is made with a maximum 10-year maturity unless used for plant construction, in which case it may have a maximum amortization of 15 years. When the loan is made to furnish working capital, the time limit is six years. A commercial lending institution may participate for at least 10% of the loan.

2. Simplified Early Maturity Plan. This loan is designed to simplify the application for and processing of an Early Maturity Plan. The commercial lending institution must furnish at least 50% of the total loan with the intention of assuming SBA's portion when its own initial portion is paid off.

3. Simplified Bank Participation Plan. The same requirement holds for this plan as above except that the commercial lending institution's share must be at least 25% of the total project.

4. Loan Guarantee Plan. The SBA, in this instance, enters into an agreement with the lending institution to purchase up to 90% of the outstanding loan in case of default. For this guarantee, a fee of ¼ of 1% is charged on the government portion. This allows a small bank to make loans beyond its allowable lending capacity since the portion of the loan guaranteed by SBA is not counted against the bank's lending limit.

Local Development Company Loans. The SBA is also authorized by Section 502 of the Small Business Investment Act to make loans to local development corporations in order that they might assist small business concerns. The loans are made directly to the development company, which may use the funds to finance the purchase of land, construct a building, modify an existing building, or assist in the acquisition of machinery or equipment. No part of a loan to a development corporation, however, can be used for working capital.

The SBA's definition of the small business which is eligible for financial assistance under Section 502 differs only slightly from that used when working directly with the small business concern itself. The SBA does require that the ownership and control of the participating local development corporation be vested in not less than 25 local individuals. The corporation is generally required to raise 20% of the total cost of the project, but this requirement may be reduced for smaller communities.

The development corporation's participation in the loan is normally obtained through borrowing from local financial institutions or the sale of stock, debentures, or notes. SBA's participation, at whatever percentage established, is limited to a maximum of $350,000 and must be secured by collateral in the form of mortgages, guarantees, or personal endorsements.

SBA Loans in Georgia. In the last nine years (1960-1968), the Small Business Administration has aided 174 industrial enterprises in Georgia, lending $17 million of the total $21.4 million expended in financing these projects. Loans were made directly to 128 industrial concerns, with SBA supplying $10.9 million. In addition, 46 loans were made to local development companies, with the SBA share amounting to over $6 million. Details are given in Appendix 8.

The number of industrial loans made in Georgia under Section 7a has been stepped up in the last four years. The average dollar amount of the loans has varied widely over the entire nine-year span.

Local development company loans showed only a slight increase in the first eight years, but under an accelerated program, loans placed in fiscal 1968 increased to 18 loans from seven in 1967, and dollar amount of the loans more than tripled. As in 7a loans, the average dollar amount has varied so widely over the nine-year span that no trend can be ascertained.

Economic Development Administration

The Economic Development Act of 1965 provides low-interest, long-term loans to businesses expanding or establishing new plants in designated redevelopment areas. These loans will be made for up to 65% of the total project cost (including land, buildings, machinery, and equipment) for up to 25 years at a rate of interest based on federal borrowing costs. Loans will be made only when the capital cannot be obtained through financing from banks or other lending institutions. Federal guarantees for working capital loans made by private institutions in connection with these projects are also available.

Among major Economic Development Administration (EDA) requirements are that the project be within a designated redevelopment area and be consistent with the overall Economic Development Program for the area; that it be a new or expanding facility, and not the relocation of an existing business from another area; that construction contractors pay prevailing area construction wages in accordance with the Davis-Bacon Act; that construction and plant operation employment comply with nondiscrimination provisions of Title VI of the Civil Rights Act of 1964; that the loan be unobtainable from other sources on terms to carry out the project, and that there be a reasonable reassurance of repayment; and that the project not be in an industry experiencing a long-run overcapacity situation.

At least 15% of the total project cost must be supplied either in the form of equity capital or as a loan subordinated in lien position to that of the federal loan. One-third of this 15% must usually be provided by the state or by a public or quasi-public development organization. Because of severe economic distress in some areas, or for other reasons, the 5% state or local participation may be waived and the applicant firm or some other nonfederal source may supply the capital.

EDA may guarantee working capital loans made to EDA borrowers by private lenders for up to 90% of the outstanding unpaid balance. These guarantees are available only when working capital is otherwise unavailable from private sources. EDA has made $13.9 million available for eight industrial project loans in Georgia.

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APPENDICES

Appendix 1

STATES WITH BUSINESS DEVELOPMENT CORPORATIONS

Alaska

Arizona*

Arkansas

Colorado

Connecticut

Florida

Hawaii*

Idaho*

Illinois*

Iowa*

Kansas*

Kentucky

Maine

Maryland

Massachusetts

Michigan*

Minnesota*

Mississippi

Missouri*

Nebraska*

New Hampshire

New Jersey

New Mexico*

New York

North Carolina

North Dakota*

Ohio*

Oregon*

Rhode Island

South Carolina

South Dakota

Utah*

Vermont

Virginia

Washington

West Virginia

Wisconsin

Wyoming

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* Reported to be authorized, but not actually formed.

Appendix 2

STATE FINANCE AUTHORITIES MAKING DIRECT LOANS

Alaska	New York
Delaware	Ohio
Hawaii	Oklahoma
Indiana	Pennsylvania
Kentucky	West Virginia
New Hampshire	

STATE FINANCE AUTHORITIES USING MORTGAGE GUARANTEE

Connecticut	Maryland
Delaware	New Hampshire
Hawaii	Ohio
Indiana	Rhode Island
Maine	Vermont

Appendix 3

STATES WITHOUT BUSINESS DEVELOPMENT CORPORATION OR AUTHORITY PROGRAM

Alabama	Montana
California	Nevada
Georgia	Tennessee
Louisiana	Texas

Appendix 4

LOCAL DEVELOPMENT CORPORATIONS IN GEORGIA
(Respondents to 1968 Survey)

Corporation Name	Town	Projects Financed
Adel Enterprises, Inc.	Adel	2
Albany, Inc.	Albany	None
Americus and Sumter County Development Corp.	Americus	3
Appling Development Corp.	Baxley	1
Appling Industries, Inc.	Baxley	1
Bessemer Properties	Peachtree City	12
Blackshear Industrial Development Corp.	Blackshear	1
Blairsville Industries, Inc.	Blairsville	1
Bulloch County Development Corp.	Statesboro	4
Butts County Development Board	Jackson	3
Candler County Development Corp.	Metter	2
Carroll County Development Corp.	Carrollton	2
Cedartown Industrial Corp.	Cedartown	2
Clarkesville Area Development Corp.	Clarkesville	1
Clay County Redevelopment Corp.	Fort Gaines	None
Clinch Industrial Association, Inc.	Homerville	3
Coffee County Chamber of Commerce Industrial Corp.	Douglas	1
Colbert Industries, Inc.	Colbert	2
Columbus Industrial Development Corp.	Columbus	None
Cook County Enterprises	Adel	2
Dodge Development Corp.	Eastman	None
Early County Redevelopment Corp.	Blakely	2

Appendix 4 (continued)

Corporation Name	Town	Projects Financed
Elberton Development Corp.	Elberton	1
Emanuel County Development Corp.	Swainsboro	3
Evans County Industrial Development Corp.	Claxton	None
Fitzgerald Civic Corp.	Fitzgerald	3
Fort Valley Development Corp.	Fort Valley	2
Ga.-Tex Development Corp.	Swainsboro	2
Gainesville-Hall County Industrial Development Corp.	Gainesville	3
Gilmer County Industrial Development Corp.	Ellijay	3
Glennville Industrial Development Corp.	Glennville	1
Grady County Industrial Development Corp.	Cairo	1
Greater Camilla, Inc.	Camilla	5
Greensboro Industrial Corp.	Greensboro	2
Growth, Inc.	Bainbridge	2
Hancock County Redevelopment Corp.	Sparta	3
Jackson County Industrial Development Corp.	Commerce	1
Jefferson Industrial Development Corp.	Jefferson	1
Johnson County Industrial Development Corp.	Wrightsville	8
LaFayette Land Company	LaFayette	1
LaGrange Industries, Inc.	LaGrange	1
Lamar County Development Corp.	Barnesville	None
Lanier County Improvement Corp.	Lakeland	None
Lavonia Development Corp.	Lavonia	3

Appendix 4 (continued)

Corporation Name	Town	Projects Financed
Lincolnton-Lincoln County Industrial Development Corp.	Lincolnton	None
Louisville Industrial Development Corp.	Louisville	3
Lyons Development Corp.	Lyons	1
Madison-Morgan County Industrial Development Corp.	Madison	2
Manchester Industrial Corp.	Manchester	3
Marietta Industrial Property, Inc. and Grigsby-Reed Warehouse, Inc.	Marietta	3
Marion County Improvement and Development Corp.	Buena Vista	1
McIntosh County Redevelopment Corp.	Darien	1
Milledgeville and Baldwin County Development Corp.	Milledgeville	2
Millen Industrial Investment Company, Inc.	Millen	1
Miller County Industrial Corp.	Colquitt	1
Montezuma Development Corp.	Montezuma	1
Monticello and Jasper County Development Corp.	Monticello	2
Patterson Industrial Development Corp.	Patterson	None
Paulding County Industrial Development Corp.	Dallas	None
Pelham Development Corp.	Pelham	1
Perry Industrial Development Corp.	Perry	2
Pickens County Industrial Development Company, Inc.	Jasper	2
Pulaski County Development Corp.	Hawkinsville	None
Randolph County Development Corp.	Cuthbert	1

Appendix 4 (continued)

Corporation Name	Town	Projects Financed
Rockmart Industrial Development Corp.	Rockmart	2
Schley County Industrial Corp.	Ellaville	3
Social Circle Development Corp.	Social Circle	3
Summerville Industrial Development Corp.	Summerville	1
Tallapoosa Realty Corp.	Tallapoosa	2
Tattnall-Glennville Development Company	Glennville	1
Telfair Industrial Development Corp.	McRae	3
Terrell County Industrial Development Corp.	Dawson	None
Thomasville Industrial Buildings, Inc.	Thomasville	1
Thomasville-Thomas County Industrial Development Corp.	Thomasville	1
Thomson Ten Sixties, Inc.	Thomson	7
Toccoa-Stephens County Industrial Development Corp.	Toccoa	1
Turnco Industrial Corp.	Ashburn	3
United Industrial Development Company	Cordele	3
Valdosta Industries, Inc.	Valdosta	1
Valdosta Industries, No. 2., Inc.	Valdosta	1
Vidalia Payroll Development Corp.	Vidalia	None
Warren County Promotions, Inc.	Warrenton	1
Waynesboro Development Corp.	Waynesboro	1

Appendix 4 (continued)

INACTIVE CORPORATIONS

Acworth Development Corp.

Cornelia Area Industrial Development Corp.

Crisp County Development Company, Inc.

Loganville Industrial Development Corp.

Royston Development Corp.

Sylvester-Worth County Industrial Corp.

Appendix 5

STATES HAVING LOCAL REVENUE BOND PROGRAMS

Alabama*	Montana
Arizona	Nebraska
Arkansas*	Nevada
Colorado	New Hampshire
Georgia	New Mexico
Hawaii*	North Dakota*
Illinois	Ohio
Indiana	Oklahoma*
Iowa	Pennsylvania
Kansas	Rhode Island
Kentucky*	South Carolina
Louisiana*	South Dakota
Maine	Tennessee*
Maryland*	Utah
Massachusetts	Vermont
Michigan	Virginia
Minnesota	West Virginia
Mississippi*	Wisconsin*
Missouri*	Wyoming

STATES WITH LIMITED REVENUE BOND PROGRAMS

Oregon - port authorities only

Washington - port districts only

STATES WITHOUT LOCAL REVENUE BOND PROGRAMS

Alaska	Delaware	New York
California	Florida	North Carolina
Connecticut	Idaho	Texas
	New Jersey	

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* State also uses general obligation bonds for industrial development purposes.

Appendix 6

INDUSTRIAL REVENUE BONDS ISSUED IN GEORGIA

Authority and Company	Year	Value of Bonds ($1,000)
Albany Dougherty Payroll Development		
Aero Commander	1966	2,225
Carlton Co.	1964	450
Firestone Tire & Rubber Co.	1967	53,000
Freitex Mfg. Co.	1960	120
Jamison Bedding Co.	1961	175
*Jamison Bedding Co.	1966	75
MacGregor-Brunswick Corp.	1961	1,165
Sowega Bonded Warehouse	1960	250
Americus-Sumter Payroll Development		
*Philips Industries	1963	250
*Redman Industries	1964	300
*Redman Industries	1965	400
*Steven's Spring Co.	1964	100
Excel Mfg. Co.	1966	100
Combustion Engineering Corp.	1968	2,300
Athens-Clarke County Industrial Development		
Reliance Electric Co.	1968	15,000
Bacon Industrial Building		
Bacon Apparel, Inc.	1966	200
Berrien County Industrial Building		
*Nashville Textile Corp.	1968	125
Brunswick Port		
Bestwall Gypsum	1958	1/
*Bestwall Gypsum	1959	1/
Brunswick Chemical Co., Div. of Brunswick Pulp & Paper Co.	1966	8,000
*Georgia Pacific-Bestwall Div.	1966	1/
Carrollton Payroll Development		
*Du-Gro Frozen Foods, Inc.	1965	350
*Southwire Co.	1966	5,200

* Indicates expanded industry.

1/ Individual figures are not available, but the bonds issued for the three projects totaled $7,400,000.

Appendix 6 (continued)

Authority and Company	Year	Value of Bonds ($1,000)
Cedartown Development		
Cluett, Peabody & Co.	1964	600
City of Cairo Development		
Grady County Mills	1964	225
City of Dublin & County of Laurens Development		
*Dublin Garment Co.	1964	400
Georgia Furniture Mfg. Corp.	1967	1,000
Shamrock of Dublin, Ltd.	1963	90
City of Jasper Industrial Development		
*H. D. Lee Co.	1967	800
City of Perry Industrial Building		
*Georgia Decor, Inc., Div. of Kellwood Co.	1964	660
*Georgia Decor, Inc., Div. of Kellwood Co.	1967	465
Coweta County Development		
*Southern Mills	1967	700
Fitzgerald & Ben Hill County Development		
*G & L Steel Corp.	1966	52
*H. R. Kaminsky & Sons	1963	29
Gainesville & Hall County Development		
*Chicopee Mfg. Co.	1966	7,000
*Chadbourn-Gotham	1967	2,000
*Chadbourn-Gotham	1968	1,000
Gwinnett Industrial Building		
Dolco Packaging Co.	1967	3,500
Hart County Industrial Building		
Chicopee Mfg. Co.	1966	2,000
Dunlop Tire & Rubber Co.	1967	2,000
Jenkins County Development		
Rusco Industries, Inc.	1966	470
Macon-Bibb County Industrial		
Hehr Products Corp.	1965	130
Packaging Corp. of America	1966	4,400
*Packaging Corp. of America	1967	2,200
*Timberlake Grocery Corp.	1965	300

* Indicates expanded industry.

Appendix 6 (continued)

Authority and Company	Year	Value of Bonds ($1,000)
Madison County Industrial Development & Building		
*Comer Mfg. Co.	1968	250
Meriwether County (government)		
H. Goodman & Sons	1964	3,000
*H. Goodman & Sons	1966	1,000
Mitchell County Development		
Gulf States Container Corp.	1963	125
Pelham Industrial Garment Mfg. Co.	1967	215
A. R. Royal & Dan Royal	1965	165
Monroe County Industrial Development		
Bibb Mfg. Co.	1967	13,500
Moultrie-Colquitt County Development		
Atlantic Co.	1964	350
Parkwood Homes, Inc.	1965	20
Muscogee County (government)		
*Columbus Mills	1963	750
*Columbus Mills	1966	1,200
Pascoe Steel Corp.	1964	250
Newton County Industrial Development		
Hercules, Inc.	1967	27,000
Rockdale County Industrial Building		
Sweetheart Plastics, Inc.	1967	2,500
Rome-Floyd County Development		
Keller Industries, Inc.	1968	1,250
Savannah Airport Commission		
Grumman Aircraft Engineering Corp.	1966	7,500
Savannah Port		
The Flintkote Co.	1963	8,500
Stephens County Development		
Toccoa Mfg. Co., Plant #2	1964	400
*Toccoa Mfg. Co., Plant #2	1966	200

* Indicates expanded industry.

Appendix 6 (continued)

Authority and Company	Year	Value of Bonds ($1,000)
Thomasville Payroll Development		
Joan Art Mills	1963	221
*Sunnyland Packing Co.	1965	525
Turner County Development		
Armor Mobile Home Corp.	1965	275
Valdosta-Lowndes County Industrial		
Cotton Producers Assn.	1967	6,000
Vidalia Development		
Federal Pacific Electric	1966	3,500
Oxford Mfg. Co.	1965	250
*Oxford Mfg. Co.	1966	800
Walker County Development		
International Latex, Inc.	1967	7,000
Walton Industrial Building		
*Chamberlain Corp.	1965	675
Oxford Mfg. Co.	1966	550
Waycross & Ware County Development		
Ace Rubber Co.	1963	600
Dixie Laminated, Inc.	1964	175
Statler Homes Mfg. Co.	1966	250
U. S. Plywood-Champion Papers, Inc.	1967	3,750
Waycross Sportswear, Inc.	1965	140
Wayne County Industrial Development		
*Manhattan Shirt Co.	1967	340
Winder-Barrow Industrial Building		
Harrison Feed & Poultry Co.	1965	350
Worth County Industrial Development		
Worth Textile Div., Lehigh Valley Industries	1967	1,700
TOTAL		222,482

* Indicates expanded industry.

Source: Georgia Department of Industry and Trade.

Appendix 7

INDUSTRIAL REVENUE BOND AUTHORITIES IN GEORGIA

Industrial Development Authorities

Name	Year Created	Territory
Adairsville Development Authority (Bartow County)	1966	City & 7-mi. radius, but not to exceed Bartow County limits
Albany Dougherty Payroll Development Authority	1958	Dougherty County
Americus-Sumter Payroll Development Authority	1962	Sumter County
Appling County Industrial Development Authority	1966	Appling County
Athens-Clarke County Industrial Development Authority	1960	Clarke County
Bacon Industrial Building Authority	1962	Bacon County
Baker County Industrial Development Authority	1966	Baker County
Banks County Industrial Building Authority	1962	Banks County
Barnesville, City of, and County of Lamar Development Authority	1964	Lamar County
Berrien County Industrial Building Authority	1962	Berrien County
Bleckley-Cochran Development Authority	1966	Bleckley County
Brantley County Development Authority	1968	Brantley County
Brooks County Development Authority	1966	Brooks County
Brunswick and Glynn County Development Authority	1962	Glynn County
Bryan County Industrial Development Authority	1968	Bryan County
Burke County Development Authority	1962	Burke County
Butts County Industrial Development Authority	1968	Butts County
Cairo, City of, Development Authority	1962	Grady County
Calhoun County Industrial Development Authority	1968	Calhoun County
Candler County Industrial Authority	1962	Candler County
Carrollton Payroll Development Authority	1962	Carroll County

Appendix 7 (continued)

Name	Year Created	Territory
Cartersville Development Authority (Bartow County)	1962	5-mi. radius from center of Cartersville
Catoosa County Development Authority	1966	Catoosa County
Cedartown Development Authority (Polk County)	1962	Cedartown
Charlton County Development Authority	1964	Charlton County
Chattahoochee County Industrial Development Authority	1968	Chattahoochee County
Chattooga County Development Authority	1966	Chattooga County
Cherokee County Development Authority	1966	Cherokee County
Clarkesville Industrial Building Authority (Habersham County)	1962	Clarkesville
Clay County Industrial Development Authority	1968	Clay County
Clinch County Development Authority	1964	Clinch County
Colquitt and Miller County Development Authority	1968	Miller County
Coweta County Development Authority	1966	Coweta County
Crisp County-Cordele Industrial Development Authority	1968	Crisp County
Dade County Industrial Development Authority	1968	Dade County
Dawson County Industrial Building Authority	1962	Dawson County
Decatur County-Bainbridge Industrial Development Authority	1968	Decatur County
Dodge County-Eastman Development Authority	(See "Status Uncertain," page 50.)	
Donalsonville and Seminole County Industrial Building Authority	1962	Seminole County
Dooly County Industrial Development Authority	1968	Dooly County
Douglas-Coffee County Industrial Authority	1958	Coffee County
Dublin, City of, and County of Laurens Development Authority	1962	Laurens County
Early County Industrial Development Authority	1968	Early County
Echols County Development Authority	1966	Echols County

Appendix 7 (continued)

Name	Year Created	Territory
Effingham County Industrial Development Authority	1968	Effingham County
Elbert County Industrial Building Authority	1968	Elbert County
Emanuel County Development Authority	1962	Emanuel County
Evans County Industrial Development Authority	1968	Evans County
Fayette County Industrial Building Authority (see also Peachtree City)	1962	Fayette County
Fitzgerald and Ben Hill County Development Authority	1962	Ben Hill County
Franklin County Industrial Building Authority	1962	Franklin County
Gainesville and Hall County Development Authority	1964	Hall County
Gilmer County Industrial Development Authority	1968	Gilmer County
Glascock County Industrial Development Authority	1968	Glascock County
Gordon County Development Authority	1966	Gordon County
Greene County Development Authority	1962	Greene County
Griffin Industrial Building Authority	1962	Spalding County
Gwinnett Industrial Building Authority	1962	Gwinnett County
Habersham County Industrial Development Authority (see also Clarkesville)	1964	Habersham County
Hart County Industrial Building Authority	1964	Hart County
Henry County Development Authority	1966	Henry County
Hogansville Development Authority (Troup County)	1964	Hogansville
Houston County Development Authority (see also City of Perry and Warner Robins)	1964	Houston County
Jackson County Industrial Development Authority	1968	Jackson County
Jasper, City of, Industrial Development Authority (Pickens County)	1966	Jasper
Jasper County Industrial Development Authority	1968	Jasper County

Appendix 7 (continued)

Name	Year Created	Territory
Jenkins County Development Authority	1962	Jenkins County
Kingsland Development Authority	1962	Camden County
LaGrange Development Authority (Troup County)	1964	LaGrange
Lee County Development Authority	(See "Status Uncertain," page 50.)	
Liberty County Industrial Authority	1958	Liberty County
Lincolnton and Lincoln County Development Authority	(See "Status Uncertain," page 50.)	
Lumpkin County Industrial Building Authority	1962	Lumpkin County
Lyons Development Authority	1958	Toombs County
Macon-Bibb County Industrial Authority	1962	Bibb County
Macon County Industrial Building Authority	1962	Macon County
Madison County Industrial Development and Building Authority	1966	Madison County
McIntosh County Industrial Development Authority	1968	McIntosh County
Meriwether County Industrial Development Authority	1968	Meriwether County
Milledgeville, City of, and Baldwin County Industrial Development Authority	1968	Baldwin County
Mitchell County Development Authority	1962	Mitchell County
Monroe County Industrial Development Authority	1966	Monroe County
Montgomery County Development Authority	1966	Montgomery County
Morgan County Development Authority	1962	Morgan County
Moultrie-Colquitt County Development Authority	1960	Colquitt County
Mount Zion, Turkey Creek and Flint Corner Development Authority	1962	Militia Districts 1240 & 1436 of Carroll County & the town of Mt. Zion
Murray County Industrial Development Authority	1966	Murray County
Muscogee County Industrial Development Authority	1968	Muscogee County
Newton County Industrial Development Authority	1964	Newton County

Appendix 7 (continued)

Name	Year Created	Territory
Ocilla-Irwin County Industrial Development Authority	1964	Irwin County
Oconee County Industrial Development Authority	1962	Oconee County
Oglethorpe Development Authority	1962	Oglethorpe County
Paulding County Industrial Building Authority	1962	Paulding County
Peachtree City Industrial Building Authority (Fayette County)	1962	Peachtree City
Perry, City of, Industrial Building Authority (Houston County)	1962	Perry
Pierce County Industrial Development and Building Authority	1966	Pierce County
Pulaski County-Hawkinsville Development Authority	(See "Status Uncertain," page 50.)	
Putnam County Development Authority	1968	Putnam County
Quitman County Industrial Development Authority	1968	Quitman County
Rabun County Industrial Building Authority	1962	Rabun County
Randolph County Development Authority	1962	Randolph County
Rockdale County Industrial Building Authority	1962	Rockdale County
Rockmart Development Authority (Polk County)	1964	Rockmart & 7-mi. radius
Rome-Floyd County Development Authority	1962	Floyd County
Schley County Development Authority	1962	Schley County
Screven County Development Authority	1962	Screven County
Statesboro and Bulloch County Development Authority	1966	Bulloch County
Stephens County Industrial Development Authority	1968	Stephens County
Stewart County Industrial Development Authority	1968	Stewart County
Tallapoosa Development Authority (Haralson County)	1964	Tallapoosa & 5-mi. radius from center of city
Tattnall County Industrial Development Authority	1968	Tattnall County

Appendix 7 (continued)

Name	Year Created	Territory
Taylor County Industrial Development Authority	1968	Taylor County
Terrell County Development Authority	1958	Terrell County
Thomaston-Upson County Industrial Development Authority	1964	Upson County
Thomasville Payroll Development Authority	1960	Thomas County
Tift County Development Authority	1960	Tift County
Toombs County Development Authority (see also Lyons and Vidalia)	1966	Toombs County
Treutlen County Development Authority	1966	Treutlen County
Troup County Development Authority (see also Hogansville, LaGrange, and West Point)	1964	Troup County
Turner County Development Authority	1962	Turner County
Valdosta-Lowndes County Industrial Authority	1960	Lowndes County
Vidalia Development Authority	1956	Toombs County
Waco Development Authority (Haralson County)	1964	Waco & 5-mi. radius from center of city
Walker County Development Authority	1962	Walker County
Walton Industrial Building Authority	1962	Walton County
Warner Robins Development Authority (Houston County)	1964	Warner Robins
Washington County Development Authority	1964	Washington County
Washington-Wilkes Payroll Development Authority	1962	Wilkes County
Waverly Hall, Town of, Development Authority (Harris County)	1968	Waverly Hall
Waycross and Ware County Development Authority	1954	Ware County
Wayne County Industrial Development Authority	1964	Wayne County
Webster County Industrial Development Authority	1968	Webster County
West Point Development Authority (City lies in both Troup County and Harris County)	1964	West Point

Appendix 7 (continued)

Name	Year Created	Territory
White County Industrial Building Authority	1962	White County
Whitfield County Development Authority	1968	Whitfield County
Winder-Barrow Industrial Building Authority	1962	Barrow County
Woodland, City of, Development Authority (Talbot County)	1968	Woodland
Worth County Industrial Development Authority	1966	Worth County

City Government

Louisville (Jefferson County)	1962	Louisville

Port Authorities

Augusta Ports Authority	1959	Richmond County
Brunswick Ports Authority	1960	Glynn County
Columbus-Muscogee County Port Development Commission	1966	Muscogee County
Savannah Port Authority	1952*	Chatham County

Status Uncertain

County authorities apparently were approved in the November 1968 general election, but their status is clouded since no proclamation has been issued to validate them. These authorities would serve Dodge County-Eastman, Lee County, Lincoln County-Lincolnton, and Pulaski County-Hawkinsville.

* Created in 1924, but not authorized to issue industrial revenue bonds until 1952.

Appendix 8

SBA LOANS TO AID GEORGIA INDUSTRIES, 1960-1968

Fiscal Year 7/1-6/30	Industrial 7a Loans			Local Development Company Loans		
	No. of Loans	Total Loans ($000)	SBA Share ($000)	No. of Loans	Total Loans ($000)	SBA Share ($000)
1960	3	230.0	181.9	1	51.0	45.9
1961	2	403.0	375.5	0	0.0	0.0
1962	6	903.0	642.1	2	354.0	326.6
1963	9	1,142.5	912.4	4	219.9	190.9
1964	8	928.7	542.5	3	257.6	194.6
1965	20	1,654.0	1,232.0	6	814.0	744.0
1966	15	1,834.5	1,330.3	5	1,169.0	1,120.6
1967	27	2,170.3	1,807.2	7	910.2	854.2
1968	38	4,795.6	3,869.5	18	3,585.0	2,735.0
	128	14,061.6	10,893.4	46	7,360.7	6,211.8